

# **Washington State Auditor's Office**

## **Audit Report**

### **Audit Services**

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Report No. 58095

**TUMWATER SCHOOL DISTRICT NO. 33**

Thurston County, Washington

Special Audit

September 4, 1996 Through January 15, 1997

Issue Date: February 28, 1997

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**TUMWATER SCHOOL DISTRICT No. 33**  
**Thurston County, Washington**  
**Special Audit**  
**September 4, 1996 Through January 15, 1997**

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**Background**

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On January 16, 1997, the Assistant Superintendent of Tumwater School District No. 33 notified the Office of State Auditor that the food service supervisor had admitted taking public funds for her own personal use. As a result, a coordinated investigation was immediately begun by district management personnel, Educational Service District (ESD) No. 113 fiscal officer, and our office. During our audit, we reviewed the work performed by ESD No. 113 fiscal officer and agree with their findings and conclusions.

**TUMWATER SCHOOL DISTRICT NO. 33**  
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**Scope And Opinion**

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This report represents the results of our audit of Tumwater High School food service bank deposits and related financial transactions processed by the former food service supervisor at Tumwater School District No. 33 during the period September 4, 1996, through January 15, 1997. The purpose of our audit was to determine whether the food service supervisor properly accounted for and deposited all cash receipts in the district's bank account.

Our audit was made in accordance with generally accepted auditing standards and, accordingly, included such test of the accounting records and such other auditing procedures as we considered necessary in the circumstances. This audit was conducted under the authority of *Revised Code of Washington* (RCW) 43.09.260.

The scope of our audit was limited to determining whether all cash receipts processed by the food service supervisor were properly accounted for and controlled. The scope of our work was not sufficient to enable us to express an opinion on the district's financial statements, and we do not express an opinion on the financial position or results of operations of Tumwater School District No. 33.

In our opinion, as detailed in the following finding, the former food service supervisor abused her managerial authority and circumvented the district's internal controls to misappropriate at least \$2,408.97 in public funds from Tumwater School District No. 33.

**TUMWATER SCHOOL DISTRICT NO. 33**  
**Thurston County, Washington**  
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**Schedule Of Findings**

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1. Public Funds Were Misappropriated And Accounting Records Were Falsified

Our audit of the financial records of the Tumwater High School food service department revealed that at least \$2,408.97 in public funds was misappropriated by the former food service supervisor during the period September 4, 1996, through January 15, 1997. Accounting records were falsified in an attempt to conceal these losses. There were no federal funds involved in this case. These funds were misappropriated as described below.

The food service supervisor took recorded cash receipts from Tumwater High School food service department and deposited less money in the bank than was actually collected. To conceal these deposit shortages, she either produced a new copy of the Daily Lunch Count/Cashier's Report - Food Service Copy, or altered the report by changing the amounts indicated for various denominations of currency and coins. She also forged the "designated preparer" signature of other employees on these reports.

In a January 29, 1997, letter to the district, the food service supervisor indicated she had misappropriated public funds during her period of employment with the district, and made an offer of full restitution of the amount of funds she had taken. She also resigned her employment with the district on that date. On February 4, 1997, the district recovered \$2,408.97 from the former food service supervisor.

RCW 42.20.070 states:

Misappropriation and falsification of accounts by public officer. Every public officer, and every other person receiving money on behalf or for or on account of the people of the state or of any department of the state government or of any bureau or fund created by law in which the people are directly or indirectly interested, or for or on account of any county, city, town or any school, diking, drainage, or irrigation district, who . . .

(1) Shall appropriate to his own use or the use of any person not entitled thereto, without authority of law, any money so received by him as such officer or otherwise; or

(2) Shall knowingly keep any false account, or any false entry or erasure in any account, of or relating to any money so received by him; or

(3) Shall fraudulently alter, falsify, conceal, destroy or obliterate any such account; or

(4) Shall wilfully omit or refuse to pay over to the state, its officer or agent authorized by law to receive the same, or to such county, city, town, or such school, diking, drainage or irrigation district or to the proper officer or authority empowered to demand and receive the same, any money received by him as such officer when it is a duty imposed upon him by law to pay over and account for the same, shall be punished by imprisonment in the state penitentiary for not more than fifteen years.

The former food service supervisor abused her managerial authority and circumvented the district's internal controls and "bank deposit procedures" by taking over bank depositing duties from the assigned custodian. However, the following additional internal control weaknesses allowed this loss to occur and not be detected by district management officials in a timely manner.

- a. The district provided no periodic, independent monitoring or oversight of the work performed by the food service supervisor and other food service staff.
- b. Bank deposits were not made intact daily. Some deposits were made from 5 to 21 days after funds were collected.
- c. Bank validated deposit slips were not reconciled to the cashier's daily close-out report by an employee independent of the bank depositing function.

We recommend the Washington State Office of the Attorney General and the Thurston County Prosecuting Attorney review this matter and take whatever action is deemed necessary under the circumstances. Any compromise or settlement of this claim must be approved in writing by the Attorney General and State Auditor's Office as directed by RCW 43.09.260.

We further recommend the district review overall accounting controls over cash receipts in the food service department, correct the weaknesses outlined above, and implement an effective system of internal control to ensure the protection of public assets.

#### Auditee's Response

*We agree with the facts as outlined in the finding.*

*The District has the following to report:*

*(1) The resignation of the food service supervisor was received on January 29, 1997 and acted upon by the School Board on January 30, 1997.*

*(2) Full recovery of \$2,408.97 was received on February 4, 1997.*

*(3) An audit conducted by the fiscal officer of Educational Service District No. 113, a retired school business official, and the State Auditor's office was concluded on January 31, 1997.*

*(4) Internal control policies and procedures have been reviewed. The following actions are being implemented to further strengthen and improve them.*

- a. More frequent, unscheduled site visits.*
- b. Frequent reconciliation of source documents to the bank validated deposit slips.*

s. *Monitored dual handling of cash and daily intact deposits.*

Auditor's Concluding Remarks

Based upon the district's response, it appears actions are being taken to properly address the conditions noted in our report. We will review these actions further in our regular audit of the district for the 1995-96 and 1996-97 school years.

We would like to thank the staff of Tumwater School District for their assistance and cooperation throughout the course of our special examination.

**TUMWATER SCHOOL DISTRICT NO. 33**  
**Thurston County, Washington**  
**Special Audit**  
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**Directory Of Officials**

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**Elected**

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		<u>Term</u>	<u>Expiration</u>
Board of Directors:			
District 1	Corinne Tobeck	4	December 1997
District 2	Jim Brown	4	December 1999
District 3	Jay Wood	4	December 1999
District 4	Robert Barclift	4	December 1997
District 5	Roxanne Lieb	4	December 1997

**Appointed**

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Superintendent	Nick Brossoit
Assistant Superintendent	Norman E. Lowrey
Accounting Supervisor	Carolyn Colvin
Attorneys	Perkins, Coie, Stone, Olsen & Williams

**Mailing Address**

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District Office	419 Linwood Avenue SW Tumwater WA 98512-8499
Attorneys	1900 Washington Building Seattle WA 98101